



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
CERTIFIED PUBLIC ACCOUNTANT QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting
Notice & Agenda**

**Wednesday, October 19, 2011
10:00 a.m. – 5:00 p.m.**

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815
Telephone: (916) 263-3680
Facsimile: (916) 263-3676

Roll Call and Call to Order **(Fausto Hinojosa, Chair)**.

- I. Chairperson's Report **(Fausto Hinojosa, Chair)**.
 - A. Approval of the April 27, 2011, Minutes.
 - B. Minutes of May 19-20, 2011 and July 21, 2011 CBA Meetings.
 - C. Report of September 22, 2011 CBA Meeting.
- II. Initial Licensing Unit Report **(Liza Walker, Licensing Manager)**.
- III. Discussion and Educational Presentation Related to CBA Regulation Section 69 and Personal Appearances **(Deanne Pearce, Licensing Manager)**.
- IV. Proposed Meeting Dates for 2012 **(Fausto Hinojosa, Chair)**.
- V. Review Files on Individual Applicants [The Committee will meet in closed session to review and deliberate on applicant files as authorized by Government Code Section 11126(c)(2), and Business and Professions Code Sections 5022 and 5023.]
- VI. Public Comment for Items Not on the Agenda.
- VII. Agenda Items for Future CPA QC Meetings **(Liza Walker, Licensing Manager)**.
Lunch.
- VIII. Conduct Closed Hearings [The Committee will meet in closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3), and Business and Professions Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]
Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the QC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the QC prior to the QC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the QC, but the QC Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the QC to discuss items not on the agenda; however, the QC can neither discuss nor take official action on these items at the time of the same meeting. (Government Code secs. 11125, 11125.7(a).)

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Stephanie Hoffman at (916) 561-1743, or by email at shoffman@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Stephanie Hoffman, Licensing Coordinator
(916) 561-1743 or shoffman@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this agenda can be found at <http://www.dca.ca.gov/cba/calendar.shtml>.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



Department of Consumer Affairs
California Board of Accountancy

QC Agenda Item I.A.

October 19, 2011

Minutes of Meeting
April 27, 2011
CPA Qualifications Committee

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

The regularly scheduled meeting of the Certified Public Accountant Qualifications Committee (QC) of the California Board of Accountancy (CBA) was called to order at approximately 10:00 a.m. on April 27, 2011, by QC Chair, Fausto Hinojosa.

Mr. Hinojosa informed the committee and staff that Mr. Gary O'Krent has resigned from the QC, leaving a vacancy on the committee.

QC Members Present

Fausto Hinojosa, Chair
Maurice Eckley, Jr., Vice-Chair
Carlos Aguila
Brian Cates
Michael Haas
Charles Hester
Alan Lee
Cassandra Moore Hudnall
Robert Ruehl
Jeremy Smith
James Woyce

Staff Present

Patti Bowers, Executive Officer
Dominic Franzella, Licensing Manager
Stephanie Hoffman, Licensing Coordinator
Kris McCutchen, Licensing Manager
Deanne Pearce, Licensing Division Chief
Vicky Thornton, Licensing Coordinator

QC Members Absent

Gary Bong
Bobbie Hales
Kristina Mapes
Ash Shenouda

I. CHAIRPERSON'S REPORT

- A. Approval of the January 26, 2011 QC Meeting Minutes.

It was moved by Mr. Hester, seconded by Mr. Smith and unanimously carried to adopt the minutes of the January 26, 2011 QC Meeting.

- B. Report of the January 27-28, 2011 and March 24-25, 2011 CBA Meetings.

Mr. Hinojosa provided a recap of the January 27-28, 2011 and March 24-25, 2011 CBA Meetings. Items of interest were reported on, including:

At the January 27-28, 2011 CBA meeting an overview was given of an educational presentation on Accountancy Without Borders, which included the topics of: comprehensive mobility timeline; temporary and incidental practice; CBA's Practice Privilege program; cross border practice legislation; mobility for California CPA's; NASBA's concept of mobility and other states' practice; Accountancy Licensee Database (ALD); and the California Research Bureau's accountancy project. CBA members and stakeholders discussed various issues regarding the topics presented.

Peer Review Implementation was discussed by the members and Rafael Ixta, Enforcement Chief stated that this is a new process and a rush in reporting is anticipated by July 1, 2011. Mr. Ixta provided an overview of the peer review process.

Ms. Bowers stated that the hiring freeze is still in effect and limits the CBA from filling any vacant positions. She indicated that the CBA has submitted a request for additional staffing for the proactive enforcement areas of continuing education compliance, probation monitoring and unlicensed activity.

Ms. Sally Anderson, President of the CBA stated the sunset review hearing took place on March 21, 2011, and that the hearing went well. Ms. Bowers stated that follow up will be provided to Senator Price regarding information on other states' requirements for restatements.

Ms. Lenora Taylor, CBA member inquired regarding the intentions of the proposal to eliminate the requirement for the General Fund to repay loans. Ms. Taylor asked if there is anything that can be done legally to stop this process. Ms. Shellans, Legal Counsel, stated that there is case law that the General Fund can borrow as long as there is an agreement for repayment.

Mr. Manuel Ramirez, CBA member inquired regarding the steps to make the CBA an independent entity. Ms. Anderson requested background information on other state boards that are currently operating independently. Mr. Marshal Oldman, CBA Vice President stated that NASBA's Board Relevance & Effectiveness Committee is actively promoting state board independency.

The CBA adopted a motion that the CBA not take a position on iExam until the program and security can be assessed. Ms. Bowers stated that staff will explore statutory and regulatory provisions and provide an explanation at the May 2011 meeting as to where the CBA stands on accepting foreign exam grades.

II. INITIAL LICENSING UNIT REPORT

Ms. McCutchen provided a report on the Initial Licensing Unit, which included the Licensing Division Activity Report and a report of current staffing. Items of interest were:

Processing Timeframes.

- The Initial Licensing Unit continues to process initial licensing applications under 30-days.
- Staff has been working on a new initial licensing process that will make the process more efficient.
- Ms. Pearce informed the committee about the reduction in license fees effective July 1, 2011.

III. Overview of Training Plan for CBA Regulation Section 69 and Personal Appearances.

The committee discussed the suggested topics identified in the agenda item memo and agreed that they are appropriate for peer training. In addition to those topics the committee added the following:

- Discuss the selection process staff uses to determine if a firm/applicant needs to appear for a Section 69 review/personal appearance
- Determine or outline the goal and focus of the review and clarification of who is being reviewed (firm vs. applicant)
- Develop instructions for the firms to ensure understanding of their responsibility in completing the Certificate of Attest Experience
- Develop key talking points or instructions to set the parameters at the beginning of the interview
- Identify the differences and objectives when reviewing government auditing
- Provide parameters to committee members as to what is appropriate when denying licensure. For example, comments or suggestions made by committee members to applicants and or firms may be viewed as a CBA policy or that the member is speaking on the CBA's behalf

- Provide direction and parameters when crediting applicant with partial hours toward the required minimum 500 hours.

IV. Discussion Related to Amending CBA Regulation Section 37- Reissuance, 12(d) and 12.5(f) – Experienced Obtained Five or More Years Prior to Application.

The QC discussed the current continuing education (CE) subject areas and the specific number of hours required for applicants with experience obtained more than five years prior to application and for the reissuance of a cancelled CPA license. The committee compared these requirements to the process for a licensee to convert their license from inactive to active status. While reviewing the CE requirements for licensees converting their license from inactive to active status, members discovered that the requirements were more rigorous than those for individuals who may have been out of practice for five or more years.

For applicants applying for reissuance of a cancelled CPA license with the authorization to sign reports on attest engagements: **It was moved by Mr. Ruehl, seconded by Ms. Moore Hudnall and carried to propose an amendment to CBA Regulation Section 37 as follows: Within the 24-month period preceding the date of application, a total of 80 hours of CE consisting of 16 hours of financial accounting standards, 16 hours of auditing standards, 8 hours of compilation and review, 8 hours of Other Comprehensive Basis of Accounting, 8 hours of fraud and 24 hours in non-technical subject matter must be completed. Twenty (20) hours of the 80 hours of CE must be taken in the 12-month period immediately preceding the date of application of which 12 hours must be completed in technical subject matter. Mr. Hester opposed.**

For applicants applying for reissuance of a cancelled CPA license without the authorization to sign reports on attest engagements: **It was moved by Mr. Ruehl, seconded by Mr. Lee, and unanimously carried to propose an amendment to CBA Regulation Section 37 as follows: A total of 80 hours of CE consisting of a minimum of 40 hours in technical subject matter and a maximum of 40 hours in non-technical subject matter must be completed. If the CE is completed prior to the date of application, it must be completed within the 24-month period immediately preceding the date of application of which 20 hours must be completed in the 12 months immediately preceding the date of application, 12 hours in technical subject matter.**

For applicants with experience obtained more than five years prior to application applying for a license with the authorization to sign reports on attest engagements: **It was moved by Ms. Moore Hudnall, seconded by Mr. Aguila and carried to propose an amendment to CBA Regulation Sections 12 and 12.5 as follows: Within the 24-month period immediately preceding the date of application, a total of 80 hours of CE consisting of 16 hours of financial accounting standards, 16 hours of auditing standards, 8 hours of compilation and review, 8 hours of Other Comprehensive Basis of**

Accounting, 8 hours of fraud and 24 hours in non-technical subject matter must be completed. Twenty (20) of the 80 hours of CE must be completed in the 12-month period immediately preceding the date of application of which 12 hours must be completed in technical subject matter. Mr. Hester opposed.

For applicants with experience obtained more than five years prior to application applying for a license without the authorization to sign reports on attest engagements: **It was moved by Mr. Lee, seconded by Mr. Woyce and carried to propose an amendment to CBA Regulation Sections 12 and 12.5 as follows: A total of 80 hours of CE consisting of 40 hours in technical subject matter and 40 hours in non-technical subject matter must be completed. If the CE is completed prior to the date of application, it must be completed within the 24-month period immediately preceding the date of application of which 20 hours must be completed in the 12 months immediately preceding the date of application, 12 hours in technical subject matter. Mr. Hester opposed.**

Mr. Fausto Hinojosa will be presenting the proposed amendments to the CBA at its May 2011 CBA meeting.

V. PUBLIC COMMENT

None.

VI. AGENDA ITEMS FOR FUTURE CPA QUALIFICATIONS COMMITTEE MEETINGS

- Approval of April 27, 2011 QC minutes.
- Section 69 and personal appearance peer training.
- Visual chart showing changes to Regulation Sections 37, 12 and 12.5.

VII. INTERVIEWS OF INDIVIDUAL APPLICANTS [Closed session in Accordance with Government Code Section 11126(c)(2)].

C11-012 – Applicant and his employer appeared for a Section 69 review. Applicant has 20 months of experience. He has an additional 4 months of experience with another employer with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-013 – Applicant appeared and presented limited working papers for her public accounting experience. She has additional experience with two other employers, however, the working papers were no longer available because they had been destroyed in accordance with the firms' records retention policy. She is currently licensed with general experience.

The working papers reviewed consisted of a review. While the work was complete and no deficiencies were noted, only 153 hours of qualifying experience was granted.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign reports on attest engagements, the applicant must obtain a minimum of 350 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

While applicant is currently licensed with general accounting experience, she is not permitted to sign reports on attest engagements of any kind.

C11-014 – Applicant appeared and presented working papers for her non-public accounting experience. She has 87 months of experience with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-015 – Applicant's employer appeared for a Section 69 Review. Applicant has 44.75 months of experience with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. While the work was complete and no deficiencies were noted, no hours of qualifying experience were granted.

Specifically, the working papers presented were for a review only and did not show adequate evidence of applicant's participation or supervisory review sign-offs.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign reports on attest engagements, the applicant must obtain at a minimum, 500 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned at

2:45 P.M. on April 27, 2011. The next meeting of the CPA Qualifications Committee will be held on August 3, 2011.

Fausto Hinojosa, Chair

Prepared by Stephanie Hoffman and Vicky Thornton, Licensing Coordinators



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



QC Item I.B.
October 19, 2011

Chairperson's Report

Staff: Liza Walker, Manager, Licensing Unit

Date: October 5, 2011

Purpose of the Item

Provide members with a recap from the May, July, and September 2011 CBA meetings.

Action(s) Needed

This agenda item is being provided for review purposes only.

Background

Staff has provided copies of the CBA meeting minutes for the May and July 2011 meetings. The minutes are attached to provide members with an overview of the items discussed by the members at the CBA meetings. Fausto Hinojosa, QC Chair, will be providing a report of the September 2011 CBA meeting at the QC meeting.

Comments

None

Recommendation

None

Attachments:

1. May 19-20, 2011 CBA meeting minutes.
2. July 21, 2011 CBA meeting minutes.



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
MAY 19-20, 2011
CBA MEETING

Hyatt Regency San Francisco Airport
 1333 Bayshore Highway
 Burlingame, CA 94010
 Telephone: (650) 347-1234
 Fax: (650) 696-2669

Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 1:02 p.m. on Thursday, May 19, 2011 at the Hyatt Regency San Francisco Airport. The meeting recessed at 3:49 p.m. CBA President Anderson reconvened the meeting at 9:02 a.m. on Friday, May 20, 2011, and the meeting adjourned at 12:18 p.m.

CBA Members

May 19, 2011

Sarah (Sally) Anderson, President	1:02 p.m. to 3:49 p.m.
Marshal Oldman, Vice President	1:02 p.m. to 3:49 p.m.
Leslie LaManna, Secretary-Treasurer	1:02 p.m. to 3:49 p.m.
Diana Bell	1:02 p.m. to 3:49 p.m.
Alicia Berhow	1:02 p.m. to 3:49 p.m.
Michelle Brough	1:02 p.m. to 3:49 p.m.
Donald Driftmier	1:02 p.m. to 3:49 p.m.
Herschel Elkins	1:02 p.m. to 3:49 p.m.
Laurence (Larry) Kaplan	1:02 p.m. to 3:49 p.m.
Louise Kirkbride	1:02 p.m. to 3:49 p.m.
Kitak (K.T.) Leung	1:30 p.m. to 3:49 p.m.
Manuel Ramirez	Absent.
Michael Savoy	1:02 p.m. to 3:49 p.m.
David Swartz	1:02 p.m. to 3:49 p.m.
Lenora Taylor	Absent.

CBA Members

May 20, 2011

Sarah (Sally) Anderson, President	9:02 a.m. to 12:18 p.m.
-----------------------------------	-------------------------

Marshal Oldman, Vice President	9:10 a.m. to 12:18 p.m.
Leslie LaManna, Secretary-Treasurer	9:02 a.m. to 12:18 p.m.
Diana Bell	9:02 a.m. to 12:18 p.m.
Alicia Berhow	9:02 a.m. to 12:18 p.m.
Michelle Brough	9:02 a.m. to 12:18 p.m.
Donald Driftmier	9:02 a.m. to 12:18 p.m.
Herschel Elkins	9:02 a.m. to 12:18 p.m.
Laurence (Larry) Kaplan	9:02 a.m. to 12:18 p.m.
Louise Kirkbride	9:02 a.m. to 12:18 p.m.
Kitak (K.T.) Leung	9:10 a.m. to 12:18 p.m.
Manuel Ramirez	Absent.
Michael Savoy	9:02 a.m. to 12:18 p.m.
David Swartz	9:02 a.m. to 12:18 p.m.
Lenora Taylor	9:02 a.m. to 12:18 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Dan Rich, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Don Chang, Supervising Senior Counsel, Department of Consumer Affairs (DCA)
 Veronica Daniel, Board Relations Analyst
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Manager, Licensing Division
 Rafael Ixta, Chief, Enforcement Division
 Deanne Pearce, Chief, Licensing Division
 Carl Sonne, Deputy Attorney General, Department of Justice
 Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
 Fausto Hinojosa, Chair, Qualifications Committee (QC)
 James Rider, Vice Chair, Enforcement Advisory Committee (EAC)

Other Participants

Ruth Astle, Administrative Law Judge (ALJ), Office of Administrative Hearings
 Patrick Heard, Court Reporter, Star Reporting Service
 Louis Miramontes, KPMG
 Pilar Onate-Quintana, KP Public Affairs
 Joseph Petito, The Accountants Coalition
 LaVonne Powell, Senior Advisor to the Director, DCA
 Jonathan Ross, KP Public Affairs
 Johnathon Roux, Petitioner
 Hal Schultz, California Society of Certified Public Accountants (CalCPA)

Jeannie Tindel, CalCPA

I. Report of the President.

A. Update on Peer Review Implementation.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment 1**).

Ms. Bell inquired if the added workload is manageable considering the current status of staffing in the Enforcement Division. Mr. Ixta stated the Division may run into resource issues as the deadline for reporting approaches in July 2011. Mr. Ixta stated that attempts are being made to notify and remind licensees in advance of the deadline in order to avoid an overload of responses in July.

Ms. Anderson inquired regarding the number of requests for extension in reporting. Mr. Ixta stated that CalCPA has expressed concern regarding the volume of inquiries they have started to receive regarding this matter.

Ms. Anderson inquired regarding notification to consumers. Ms. Bowers stated that there are a number of outreach activities planned as noted in the CBA's Communications and Outreach Plan.

B. Announcement of New Committee Appointments.

Ms. Anderson stated that changes were made to the CBA committees to accommodate the recently appointed CBA members (**see Attachment 2**). No comments were received.

C. Presentation: Overview of the CBA's Role in Petitions for Reinstatement.

1. Enforcement Overview.
2. Reinstatement Process.
3. CBA Responsibilities.

Mr. Sonne provided an overview of the role of the Attorney General's Office regarding petitions for reinstatement.

Mr. Chang provided an overview of the CBA's role regarding petitions for reinstatement.

Ms. Kirkbride inquired on how to handle matters where the petitioner maintains no wrongdoing and therefore does not illustrate any signs of rehabilitation. Mr. Sonne stated that the petitioner has a number of opportunities to proclaim his/her innocence. Mr. Sonne further stated

that regardless of the petitioner's belief, he/she is still required to be able to demonstrate by clear and convincing evidence that he/she is rehabilitated and is safe to practice.

Ms. Bowers inquired if there are specific steps that CBA staff should take in validating information in the petitioner's file in advance of a hearing. Mr. Chang stated there is no problem with staff reviewing information to confirm validity and that any discrepancy findings should be reported to the AG's Office. Mr. Chang further stated that this practice will protect the due process concern. Mr. Sonne added that the burden of proof lies on the petitioner.

Ms. Bell inquired regarding how to handle the questionable matters where everything appears to be too perfect. Mr. Chang stated that in these cases, members should probe further to gather supplementary information before making a decision.

Ms. Anderson inquired if petitioners are counseled in advance of hearings regarding what the CBA is looking for. Mr. Sonne stated that it is the petitioner's responsibility to either attain this information from his/her attorney, or to study the information provided in the petitioner's packet. Ms. Bowers stated that petitioner's have often contacted CBA staff for assistance regarding this matter.

Ms. Bowers stated that staff will continue to work on improving its internal processes, specifically regarding how information in petitioner's packets is being handled.

D. Discussion Regarding the Joint Meeting of the Accounting Education Committee (AEC) and Ethics Curriculum Committee (ECC) to Review their Proposal for Accounting Study and Ethics Education Requirements.

Ms. Anderson provided an overview of the memorandum for this item **(see Attachment 3)**.

Ms. Bowers stated that the joint meeting will not be noticed as a public meeting of the CBA; therefore, CBA members are urged to observe the meeting via webcast if possible.

II. Report of the Vice President.

A. Resolution for Retiring Qualifications Committee (QC) Member.

It was moved by Mr. Elkins, seconded by Mr. Swartz and unanimously carried by those present to adopt the resolution for retiring QC member, Gary O'Krent.

B. Recommendation for Appointments to the Enforcement Advisory

Committee (EAC).

There was no report for this item.

III. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

B. FY 2010-2011 Third Quarter Financial Statement.

Ms. LaManna provided an overview of agenda item II.B. **(see Attachment 4)**. No comments were received.

IV. Report of the Executive Officer (EO).

A. Update on Hiring Freeze Exemption Requests.

Ms. Bowers stated that the CBA submitted an exemption request for its four vacant Investigative CPA (ICPA) positions and received approval to hire one of the four. Ms. Bowers stated that a hiring offer had been extended and the new ICPA will start work in the very near future. Ms. Bowers further stated that staff is strategizing creative approaches in submitting exemption requests for other various vacant positions within the CBA.

Ms. Bell lauded staff's efforts and its speed of hiring.

B. Update on Paperless Meetings Initiative.

Ms. Bowers stated the CBA still intends on moving forward with its efforts in paperless meetings. Ms. Bowers stated that the request for permission to purchase electronic readers is currently on hold and will be resubmitted in October 2011.

Ms. Bowers stated that CBA members may use personal electronic devices to download meeting materials from the CBA Web site if they desire; however, it is completely optional.

Mr. Driftmier stated that the City of Ontario could be a resource regarding this matter as it is currently using iPads and is extremely happy with them.

Ms. Bowers requested for CBA members to contact her if they would like to use personal electronic devices to ensure that any technical issues are worked out in advance.

C. DCA Director's Report.

1. New Executive Order(s).

2. Hiring Freeze.
3. Travel Restrictions.
4. Update on BreEZe.
5. Update on Consumer Protection Enforcement Initiative (CPEI).
6. EO Study/Evaluation.

Ms. Powell stated a recent Executive Order restricts travel to only mission critical duties. Ms. Powell stated the authority to approve travel has been delegated to the DCA director for the time.

Ms. Powell stated that the BreEZe project is still in process and it's expected that a vendor contract will be in place by October 2011.

Ms. Powell stated there is a study being conducted in efforts of raising the ceiling on the EO salary cap and that it should be completed by August 2011.

Ms. Powell stated that a survey monkey is expected to be implemented by the end of May 2011 in advance of the EO annual evaluation process.

D. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 5)**.

Mr. Driftmier stated that the CBA Web site is very user friendly and he complimented the incorporation of the new social media information.

E. Phase II CBA Succession Plan.

Mr. Rich provided an overview of the memorandum for this item **(see Attachment 6)**.

Ms. Anderson commended the incorporation of a mentoring program.

F. Further Discussion on Title 16, California Code of Regulations (CCR) Section 30 of CBA Regulations – Safe Harbor.

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 7)**. No comments were received.

G. Consideration of Modification to Executive Officer's Delegation of

Authority.

Ms. Daniel provided an overview of the memorandum for this item **(see Attachment 8)**.

It was moved by Mr. Swartz, seconded by Ms. Bell and unanimously carried to adopt the modifications to the Executive Officer's Delegation of Authority.

V. Report of the Enforcement Chief.

A. Enforcement Case Activity and Status Report.

Mr. Ixta provided an overview of this item **(see Attachment 9)**.

Mr. Elkins suggested that it may make more sense to track the median time with respect to case aging. Mr. Ixta stated that staff will begin tracking the average and median for reports going forward.

Ms. Anderson inquired regarding how cases are prioritized. Mr. Ixta stated that consumer harm is the highest priority and those cases are immediately pursued. Mr. Ixta stated that the CBA has retained two retired ICPAs who will assist with the more complex investigations. Mr. Ixta further stated that case aging should be decreasing due to the added resource.

B. Aging Inventory Report.

Mr. Ixta provided an overview of this item **(see Attachment 10)**. No comments were received.

C. Report on Citations and Fines.

Mr. Ixta provided an overview of this item **(see Attachment 11)**. No comments were received.

D. Reportable Events Report.

Mr. Ixta provided an overview of this item. **(see Attachment 12)**. No comments were received.

E. Results of the 3rd Quarter Performance Measures Report to DCA.

Mr. Ixta provided an overview of the memorandum for this item **(see Attachment 13)**.

Mr. Driftmier stated that there is a lack of correlation between the performance measures set forth by the DCA and the staffing issues the

CBA is facing.

VI. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the Licensing Division Activity report **(see Attachment 14)**. No comments were received.

VII. Acceptance of Minutes.

A. Draft Minutes of the February 24, 2011 CBA Meeting.

B. Draft Minutes of the March 24-25, 2011 CBA Meeting.

C. Draft Minutes of the March 24, 2011 Legislative Committee (LC) Meeting.

D. Minutes of the February 18, 2011 AEC Meeting.

E. Minutes of the February 3, 2011 EAC Meeting.

F. Minutes of the January 26, 2011 ECC Meeting.

G. Minutes of the April 6, 2011 ECC Meeting.

H. Minutes of the January 20, 2011 Peer Review Oversight Committee (PROC) Meeting.

I. Minutes of the March 4, 2011 PROC Meeting.

J. Minutes of the January 26, 2011 QC Meeting.

It was moved by Ms. Brough, seconded by Ms. Bell and carried by those present to accept agenda items VII.A-VII.F. and VII.H.-VII.J. Mr. Elkins abstained.

Ms. Bowers stated that the ECC adopted a minor amendment to the minutes of its April 6, 2011 meeting. Specifically, page 13, paragraph 6 was amended to read "Mr. Mikkelsen suggested placing a limit on the total units allowed for only those disciplines listed under the capped category."

It was moved by Ms. Brough, seconded by Mr. Oldman and carried by those present to accept agenda item VII.G., to include the amendment made by the ECC. Mr. Elkins abstained.

VIII. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

No Report.

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

a. Accountancy Licensee Database Task Force.

Ms. Bowers stated that the ALD is in its final stages of testing of the public site CPAVerify. Ms. Bowers further stated that a presentation on CPAVerify will be provided to CBA members at a future meeting.

b. Board Relevance & Effectiveness Committee.

Mr. Oldman stated that the committee held a recent meeting, which he was unable to attend. Mr. Oldman stated that he will provide an update on the committee's activities at a future CBA meeting.

c. Uniform Accountancy Act Committee (UAA).

Mr. Driftmier stated the committee met two weeks ago and again discussed the matter of firm names. Mr. Driftmier further stated that the committee is expected to come to a conclusion regarding this matter at its upcoming meeting.

Mr. Driftmier stressed importance in the need for the CBA being represented on the AICPA's State Board of Examiners Committee.

2. Recommendations for NASBA's Board of Directors and Nominating Committee.

Ms. Daniel provided an overview of the memorandum for this item **(see Attachment 15)**. No comments were received.

3. NASBA 2011 Awards Nominations.

Ms. Daniel provided an overview of the memorandum for this item **(see Attachment 16)**. No comments were received.

At this time the CBA heard Agenda Items XI.A.-XI.D., and XI.G. (see pages 18618-18622).

VIII. C. Discussion of Policy Issues for Regulations Regarding Retired License Status.

Ms. Anderson introduced Assemblymember Fiona Ma.

Assemblymember Ma stated that she is pleased to carry AB 431 and thanked the CBA for sponsoring it. Assemblymember Ma stated there are many CPAs who wish to retire with a preferred retired designation as opposed to delinquent, cancelled, or surrendered. Assemblymember Ma stated that at least 27 other state boards of accountancy offer a retired designation. Assemblymember Ma also noted that AB 431 has had no opposition and is currently in review with the Senate. Assemblymember Ma thanked President Anderson and Ms. Bowers for their attendance at hearings, and further thanked the CBA for its support of the bill.

Mr. Franzella provided an overview of the memorandum for this item **(see Attachment 17)**.

CBA members discussed the matter surrounding the establishment of a minimum age requirement for a retired status. Mr. Chang stated that when this matter arose, Ms. Shellans was citing Government Code Section 12944, which provides that licensing agencies within the DCA do not use certain types of protected classes such as age, sex, or ethnicity, as a basis to have an adverse impact upon that particular class, unless an agency can show that it is job related.

It was moved by Ms. Bell, seconded by Mr. Driftmier and unanimously carried by those present to adopt staff's recommendation that licensees maintain a California CPA license for a minimum of five years in an active status, or if seeking a retired status due to a permanent disability to provide documentation verifying a permanent disability. The CBA directed staff to work with DCA legal counsel on a recommendation regarding establishment of a minimum age requirement.

Mr. Oldman offered a friendly amendment to recommend that a CPA be required to maintain his/her most current five years of active licensure in California. Ms. Bell declined to accept the amendment. Mr. Oldman later withdrew his amendment.

It was moved by Ms. Kirkbride, seconded by Ms. Taylor and unanimously carried by those present to adopt staff's recommendation that the CBA establish the application fee for a retired status license at a fixed amount of \$100.

It was moved by Ms. Taylor, seconded by Mr. Savoy and unanimously carried by those present to require a biennial renewal for a retired status license, with no fee.

CBA members discussed the matter regarding restoration from retired status to active.

Mr. Oldman suggested that restoration fees should be equivalent to what they would be for renewal, not to exceed \$1,000 dollars.

Mr. Savoy stated the CBA should consider that licensees will also have additional fees associated with the continuing education (CE) requirements for restoration.

Ms. Bell stated that there should be some sense of burden associated with a request for restoration.

Ms. Brough expressed concern for retirees that may need to return to the profession due to economic hardships. Ms. Kirkbride commented that the CBA does not have the capability of differentiating the reasons for restoration.

Ms. Brough inquired if the CBA could look into the restoration requirements of the Dental Board. Mr. Franzella stated that he would provide follow up regarding this request.

Ms. Anderson concurred with Mr. Oldman's suggestion.

Mr. Swartz suggested to only allowing a retiree to reinstate their license to an active once. Ms. Bowers stated that this addition may also prevent misuse of the retired status.

It was moved by Mr. Swartz, seconded by Ms. Kirkbride and unanimously carried by those present to allow restoration from a retired status to an active status only once, and the individual is to pay all back license renewal fees not to exceed \$1,000 dollars.

Ms. Bowers stated that CBA staff will need to explore whether the motion will require a statutory change.

Ms. Brough requested that staff look at other state's fees for licensure restoration.

CBA members deferred the discussion regarding continuing education requirements to take place in conjunction with other CE changes, including the QC proposal regarding license restoration, for consistency.

At this time the CBA heard Agenda Item XI.F. (see page 18622).

IX. Open Session. Petitions for Reinstatement.

Johnathon Mark Roux – Petition for Reinstatement of Revoked Certificate.

Mr. Roux appeared before the CBA members to petition for reinstatement of

his revoked certificate.

ALJ Astle and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Astle will prepare the decision.

- X. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, Proposed Decisions, and the Petition for Reinstatement).

CBA members convened into closed session on Friday, May 20, 2011 at 11:09 a.m., and the meeting reconvened into open session at 11:55 a.m.

At this time the CBA heard Agenda Item XI.H. (see page 18623).

At this time the CBA heard Agenda Item XI.E. (see page 18621).

- XI. Committee and Task Force Reports.

- A. Enforcement Program Oversight Committee (EPOC).

No Report.

- B. Committee on Professional Conduct (CPC).

- 1. Report of the May 19, 2011 CPC Meeting.
- 2. Overview of Position Letters Received by the CBA on AB 2473 – Mobility.

Mr. Oldman stated that the CPC recommends that the CBA request that CPIL, the large firms, and CalCPA work together to bring a proposal on mobility that can pass the Legislature. The CBA concurred with the CPC's recommendation.

- 3. Further Discussion on International Delivery of the Uniform CPA Examination (iExam).

Mr. Oldman stated that the CPC recommends that the CBA direct staff to research why Texas and New York felt secure enough to participate in iExam. The CBA concurred with the CPC's recommendation.

- 4. Discussion to Amend the Safe Harbor Language Contained in Title 16, CCR Section 4.

Mr. Oldman stated that the CPC recommends that the CBA direct staff to reach out to stakeholders to vet language that incorporates both

Options 1 and 2 and bring it back to the CPC in July 2011. The CBA concurred with the CPC's recommendation.

C. Legislative Committee (LC).

1. Report of the May 19, 2011 LC Meeting.
2. Discussion on Status of AB 431 – Retired Status.

Ms. Bell stated that AB 431 has successfully passed out of the Assembly without any “No” votes and will now repeat the process in the Senate. Ms. Bell further stated that staff identified a drafting error in the bill that will be corrected when the author feels the timing is right.

3. Possible Ratification and Adoption of Position on SB 541 – Regulatory Boards: Expert Consultants.

It was moved by Ms. Bell, seconded by Mr. Elkins and unanimously carried by those present to accept the LC's recommendation to adopt a Support position on SB 541.

4. Reconsideration of Positions on Legislation.
 - a. AB 229 – The Controller: Audits.

Ms. Bell stated that the LC declined to set forth different scenarios for the Support of AB 229. Ms. Bell further stated that the amendment requested at this time is to delete the portion allowing the Controller to suspend a CPA from the list pending an investigation by the CBA.

Mr. Elkins stated that the concern was whether there was a due process issue. Mr. Stanley stated that the motion is crafted to accommodate any due process concerns.

Ms. Brough expressed opposition regarding AB 229.

Mr. Swartz stated that the matter of enforcement is better maintained under the authority of the CBA and not the Controller's Office. Mr. Swartz further stated that it is his opinion that the CBA should take a Neutral position regarding this matter.

Ms. Bell stated that staff has followed up with the Controller's Office regarding the areas of opposition. Ms. Bell further stated that two of the three areas of opposition have been addressed, and that the recommendation of the LC incorporates a Support if Amended position to address the remaining issue.

Ms. Tindel stated that CalCPA is in negotiations with the Controller's Office regarding the contents of this bill and does not presently support the bill in its current form.

It was moved by Ms. Bell and seconded by Ms. Kirkbride to accept the LC's recommendation to adopt a Support if Amended position on AB 229. Ms. Anderson, Mr. Oldman, Ms. LaManna, Ms. Brough, Mr. Driftmier, Mr. Savoy, and Mr. Swartz opposed. The motion failed.

It was moved by Mr. Swartz, seconded by Ms. Berhow and carried by those present to adopt a Neutral if Amended position on AB 229. Ms. Bell, Ms. Brough, and Ms. Kirkbride opposed.

b. SB 306 – Safe Harbor Extension.

Ms. Bell stated that the LC recommends no change on SB 306. No action was taken regarding this item.

c. SB 542 – Sunset Review.

Ms. Bell stated that the LC recommends that the CBA maintain its Watch position on SB 542. No action was taken regarding this item.

d. SB 773 – Webcasting.

Ms. Bell stated that the LC recommends that the CBA maintain its Watch position on SB 773. No action was taken regarding this item.

e. SB 921 – Office of Inspector General.

It was moved by Ms. Bell, seconded by Ms. Kirkbride and unanimously carried by those present to discontinue following SB 921.

5. Adoption of Position on SB 706 – Business and Professions.

It was moved by Ms. Bell, seconded by Mr. Elkins and unanimously carried by those present to adopt a Neutral position on SB 706.

D. Accounting Education Committee (AEC).

1. Report of the April 15, 2011 AEC Meeting.

2. Report of the May 9, 2011 AEC Meeting.

Mr. Franzella stated that at its May 9, 2011 meeting, the AEC moved to approve a recommendation to be presented to the CBA at its July 2011 meeting.

E. Ethics Curriculum Committee (ECC).

1. Report of the April 6, 2011 ECC Meeting.

2. Report of the May 18, 2011 ECC Meeting.

Mr. Driftmier stated that after significant discussion regarding the subcommittee's proposal for the 10 units of ethics study, members formally voted on the ethics study guidelines to be provided at the June 7, 2011 joint AEC/ECC meeting. The proposal is as follows:

RECOMMENDATION #1 – MANDATED ACCOUNTING ETHICS

- Require applicants complete a minimum of four quarter units or three semester units in an upper division or higher course or courses devoted to accounting ethics or accountants' professional responsibilities.
- Applicants must meet this requirement beginning January 1, 2017. Until that time applicants can meet this requirement using any of the following courses.

RECOMMENDATION #2

- Applicants can receive credit for up to seven semester units from the following courses:

Business Law
Ethics, Morals, or Fraud
Human Resources Management
Business Government & Society
Legal Environment and Business Corporate Social Responsibility
Corporate Governance
Organizational Behavior
Management of Organizations
Business Leadership
Professional Responsibilities (non-Accounting)

- Applicants can receive credit for up to seven semester units from courses taken in the following disciplines:

Philosophy	Cultural, Ethnic, or Diversity Studies
Sociology	Religion
Psychology	Theology
Economics	Political Science

- The course title must contain one of the below words or terms, or the sole name in the course title is the name of the discipline.

Introductory	General
Introduction	Fundamentals of
Principles of	Foundation of
Survey of	

RECOMMENDATION #3 – FINANCIAL STATEMENT AUDITING COURSE

- Applicants can receive credit of one semester unit for a course devoted solely to financial statement auditing.

Mr. Driftmier restated the information that was previously provided by staff on the joint AEC/ECC meeting and the remaining activities required by the ECC.

Mr. Driftmier commended his fellow ECC members, CBA leadership and staff for their efforts in supporting the committee.

F. Peer Review Oversight Committee (PROC).

Report of the May 6, 2011 PROC Meeting.

Ms. Corrigan stated that at its May 6, 2011 meeting, the PROC received in-depth presentations by AICPA and NASBA, associated with peer review. Ms. Corrigan stated 22 states currently have peer review oversight procedures in place and that six states are actively involved in the process (including California). Ms. Corrigan stated that California was commended by NASBA for its efforts and progress.

Ms. Corrigan stated that NASBA will be providing information on other states, which may be of assistance in resolving conflict of interest matters regarding peer reviewers serving on the PROC.

Ms. Corrigan provided an update on upcoming PROC assignments. The committee's next meeting will be held on July 8, 2011.

G. Enforcement Advisory Committee (EAC).

Report of the May 5, 2011 EAC Meeting.

Mr. Rider expressed thanks to CBA member, Louise Kirkbride and her support for the EAC.

Mr. Rider stated that at its May 5, 2011 meeting, the EAC reviewed 15 cases, 10 of which were closed in agreement with staff's recommendations. Mr. Rider stated that two cases were referred to the Attorney General's Office for discipline. Mr. Rider further stated that three cases moved forward for accusation.

H. Qualifications Committee (QC).

1. Report of the April 27, 2011 QC Meeting.

Mr. Hinojosa stated the QC met on April 27, 2011 and there were two appearances; one was approved and one was not approved. Mr. Hinojosa stated there were two Section 69 appearances; one was approved and one not approved. Mr. Hinojosa stated the QC discussed the need to implement a peer training manual for guidelines and consistency, to be used by QC members. Mr. Hinojosa further stated that the QC will discuss the Peer Training manual in depth at its August 3, 2011 meeting.

It was moved by Ms. Taylor, seconded by Ms. Brough and unanimously carried by those present to accept the report of the QC.

2. QC Recommendation to Amend Title 16, CCR Sections 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application.

Mr. Hinojosa provided an overview of the memorandum for this item **(see Attachment 18)**.

Mr. Hinojosa stated that the QC is recommending the following changes for reissuance applicants and for initial licensure applicants applying with experience obtained five or more years prior to application:

- 80 hours of CE be completed in either the two years prior to application for reissuance, or as prescribed by the CBA.
- 20 of the 80 hours be completed in the one year immediately preceding application for reissuance, of which 12 hours must be completed in technical subject matter.
- CE must meet the same requirements as the CE necessary for CPA

license renewal, including required hours in technical subject matter.

- To obtain the authority to sign reports on attest engagements, 56 of the 80 hours must be in the following subject areas:
 - 16 hours in Financial Accounting Standards
 - 16 hours in Auditing Standards
 - 8 hours in Compilation and Review
 - 8 hours in Other Comprehensive Basis of Accounting
 - 8 hours in the detection and/or reporting of fraud in financial statements

It was moved by Mr. Driftmier and seconded by Ms. Taylor to adopt the QC's recommendation. Mr. Driftmier later withdrew this motion.

Mr. Swartz stated that with peer review oversight in place, this matter may not be as critical. Ms. Anderson concurred with Mr. Swartz.

The CBA further discussed this matter and reached consensus to not take action at this time. Ms. Pearce stated that staff will research options regarding a combined concept for inactive, retired, and reissuance. Ms. Pearce further stated that information will be presented to the CPC for consideration.

XII. Closing Business.

A. Public Comments for Items Not on the Agenda.

No comments were received.

B. Agenda Items for Future CBA Meetings.

Ms. Brough requested a future educational presentation on the procedures of the Securities Exchange Commission.

C. Press Release Focus.

Recent Press Releases.

Mr. Rich stated that the post meeting press release will focus on actions taken regarding AB 431.

Adjournment.

President Anderson adjourned the meeting at 12:18 p.m. on Friday, May 20, 2011.

Sally Anderson, CPA, President

Leslie LaManna, CPA, Secretary-Treasurer

Veronica Daniel, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
JULY 21, 2011
CBA MEETING

The Hilton Pasadena
 168 South Los Robles Ave.
 Pasadena, CA 91101
 Telephone: (626) 577-1000
 Facsimile: (626) 584-3148

Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 9:44 a.m. on Thursday, July 21, 2011 at the Hilton Pasadena. The meeting adjourned at 3:36 p.m.

CBA Members

Sarah (Sally) Anderson, President	9:44 a.m. to 3:36 p.m.
Marshal Oldman, Vice President	9:44 a.m. to 3:36 p.m.
Leslie LaManna, Secretary-Treasurer	9:44 a.m. to 3:36 p.m.
Diana Bell	Absent.
Alicia Berhow	9:44 a.m. to 3:25 p.m.
Michelle Brough	9:44 a.m. to 3:36 p.m.
Donald Driftmier	9:44 a.m. to 3:36 p.m.
Herschel Elkins	9:44 a.m. to 3:36 p.m.
Laurence (Larry) Kaplan	9:44 a.m. to 3:36 p.m.
Louise Kirkbride	9:44 a.m. to 3:36 p.m.
Kitak (K.T.) Leung	9:44 a.m. to 3:36 p.m.
Manuel Ramirez	9:44 a.m. to 3:36 p.m.
Michael Savoy	9:44 a.m. to 3:36 p.m.
David Swartz	9:44 a.m. to 3:36 p.m.
Lenora Taylor	9:44 a.m. to 3:36 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Dan Rich, Assistant Executive Officer
 Rich Andres, Information Technology Staff

Veronica Daniel, Board Relations Analyst
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Manager, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Deanne Pearce, Chief, Licensing Division
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Ruben Davila, Chair, Accounting Education Committee (AEC)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)

Other Participants

Seung Choe, CPA
Kenny Denny, National Association of State Boards of Accountancy
Ellen Glazerman, Ernst and Young
Marsha Hinkley, KPMG
Ed Howard, Center for Public Interest Law
Kent Krehl, CPA
Pilar Onate-Quintana, KP Public Affairs
Joseph Petito, The Accountants Coalition
Becky Scanlan, Deloitte
Hal Schultz, California Society of Certified Public Accountants (CalCPA)
Kathy Shoztic, Deloitte
Jeannie Tindel, CalCPA
Malcolm Wright, CPA

I. Report of the President.

Presentation on CPAVerify.

Mr. Denny stated that CPAVerify (developed by NASBA) is a central repository of CPA licensee information for consumer use. Mr. Denny stated that 20 states currently participate in the program. Mr. Denny then provided a visual overview of the CPAVerify Web site. Mr. Denny further stated that CPAVerify is scheduled to go live to the public in August 2011.

Ms. Kirkbride stated that the terminology “none provided” reflected next to the disciplinary action field may be confusing to consumers as it is unclear whether this means there is no disciplinary action against a licensee, or that the state has not provided such information. Mr. Denny stated that NASBA is working to differentiate between the two prior to the site being launched.

Ms. Bowers stated that the CPAVerify system is in its final stages of being

developed and that there is still opportunity for the CBA to provide comments or suggestions for improvements.

Ms. Kirkbride suggested implementing a one-stop-shop format to immediately inform consumers that there is action against a licensee.

Ms. Anderson stated that in her opinion, CPAVerify has come a long way and provides enough information for consumers to make an informed decision on whether to hire a licensee.

Mr. Elkins suggested an asterisk be added to the initial results screen to advise consumers that there is action against a licensee. Ms. Bowers stated that the current format is a result of compromise as NASBA could not get all states to agree to disclose such information.

Ms. Brough suggested definitions be established for the terms “none provided” and “contact state board.” Mr. Denny stated at this time, definitions are not provided on the site. Mr. Denny further stated that he would bring this suggestion along with all others back to NASBA for review.

Mr. Howard stated that the title “CPAVerify” may be misleading to consumers as it applies trust and accuracy of information.

Ms. Anderson thanked Mr. Denny for his presentation and acknowledged NASBA for its efforts with CPAVerify.

II. Report of the Vice President.

A. Recommendation for Appointments to the Enforcement Advisory Committee (EAC).

It was moved by Mr. Driftmier, seconded by Ms. Taylor and unanimously carried by those present to accept the recommendation to appoint Mervyn J. McCulloch and K. Jeffrey De Lyser to the EAC.

B. Recommendation for Appointments to the Qualifications Committee (QC).

There was no report for this item.

C. Resolution for Retiring QC Member, Bobbie Hales.

It was moved by Ms. Taylor, seconded by Mr. Swartz and unanimously carried by those present to adopt the resolution for retiring QC member, Bobbie Hales.

III. Report of the Secretary/Treasurer.

Discussion of Governor's Budget.

Ms. LaManna provided an overview of agenda item III. **(see Attachment 1).**

Mr. Swartz inquired if the state was current in interest payments on the outstanding loans. Mr. Rich stated that interest payments are being made into the CBA's account and shows up as revenue on an annual basis.

Mr. Ramirez inquired whether it was unconstitutional for there to be no repayment dates on loans to the General Fund. Mr. Ramirez stated that it was his recollection that this issue was highlighted in litigation involving the California Medical Association. Mr. Ramirez requested that legal counsel review the case and provide follow up regarding the outcome.

IV. Accounting Education Committee (AEC) and Ethics Education Committee (ECC) Reports.

A. Report of the June 7, 2011 AEC and ECC Joint Meeting.

Ms. Pearce provided an overview of the memorandum for this item, which included the purpose of the joint meeting **(see Attachment 2).**

Mr. Ramirez stated that he was in agreement with Ms. Shellans' assessment in her legal opinion regarding the upper division course requirement to the CBA. Mr. Ramirez stated that upon establishment of the committee, the intention was that existing lower division education programs be included in the recommendation. Ms. Anderson concurred with Mr. Ramirez and stated that specific representatives were placed on the committee to ensure that community colleges were properly represented.

B. Discussion Regarding the Additional 30 Units of Education Required for CPA Licensure Beginning January 1, 2014.

1. History/Background Regarding the Requirement to Further Define the Additional 30 Units of Education.

Mr. Franzella provided an overview of the memorandum for this item **(see Attachment 3).**

Ms. Anderson thanked Mr. Franzella for providing an excellent summary of this agenda item.

2. Report on the Development of and Recommendations for the 20 Units of Accounting Study.

Mr. Davila commended the efforts of the members of the AEC and CBA staff throughout the process and leading up to the committee's

recommendation.

Mr. Davila provided an overview of the memorandum for this item (**see Attachment 4**).

It was moved by Mr. Elkins, seconded by Ms. Berhow and unanimously carried by those present to accept the AEC's proposal for the 20 units of accounting study, with exception of Recommendation # 1 regarding the upper division course requirement.

Mr. Elkins stated the CBA should make a recommendation to the ECC to remove the upper division course requirement from its proposal as well.

Mr. Driftmier expressed his disappointment in the late discussions regarding upper division courses. Mr. Driftmier stated that the ECC will review such recommendation, and reminded the CBA that this matter needs to be addressed in an expeditious manner.

Mr. Davila stated he personally disagrees with the legal interpretation by Ms. Shellans, but that the way the requirement is currently set up, it would make sense to remove the upper division requirement given the controversy.

Mr. Ramirez stated his support for the motion to eliminate Recommendation #1. Mr. Ramirez stated concern with the specificity in Recommendation #3, and that it would be his preference to include all business established programs, such as MBAs and minors in accounting or finance.

It was moved by Mr. Ramirez to accept the AEC's proposal for the 20 units of accounting study, with exception of Recommendation #1, and to include all business established programs, such as MBAs and minors in accounting or finance in Recommendation #3. Mr. Ramirez later withdrew this motion.

Mr. Davila stated that the idea surrounding Recommendation #3 was that those with MBAs or minors in accounting or finance would presumptively meet the requirements.

Mr. Ramirez stated his concern with establishing a high requirement that would prohibit members in the community from becoming a CPA because they cannot afford to take an extra year of courses at an upper division level. Mr. Ramirez stated he would like to see the opportunity to allow the extra year be taken at a community college. Mr. Ramirez further stated the compromise would be to broaden the requirements and not be so specific.

Mr. Swartz stated he is in support of eliminating Recommendation #1.

Ms. Anderson recommended that all courses should be interchangeable in Recommendation #2. Mr. Davila stated that the AEC initially provided a broad recommendation; however, there was opposition by CPIL.

Mr. Howard stated such a change to Recommendation #2 would require review before CPIL could be in agreement. Mr. Howard further stated he is happy to go back and obtain further guidance on this matter if necessary.

Mr. Swartz stated he favored leaving Recommendation #2 as is.

Mr. Howard stated his support regarding the elimination of Recommendation #1. Mr. Howard further stated a better compromise would be to state the requirement is at upper division; however, courses taken at a community college level would be accepted.

Mr. Wright stated he opposes elimination of the upper division requirement.

3. Discussion and Possible Action to Initiate a Rulemaking to Adopt Title 16, California Code of Regulations (CCR) Sections 2.8, 11, 11.1, and to Amend Section 9.2 – Regarding the Additional 20 Units of Accounting Study Required for CPA Licensure Beginning January 1, 2014.

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 5)**.

It was moved by Mr. Ramirez, seconded by Mr. Swartz and carried by those present to approve the proposed language with elimination of the portion of proposed Section 11.1(a)(2) between the commas, inclusive, and to direct and authorize staff to initiate the rulemaking process and make any non-substantive changes as necessary. Ms. Brough and Mr. Oldman were temporarily absent.

4. Report on the Development of and Guidelines for the 10 Units of Ethics Study.

Mr. Driftmier commended the efforts of the members of the ECC and CBA staff throughout the process and leading up to the committee's recommendation.

Mr. Driftmier provided an overview of the memorandum for this item

(see Attachment 6).

It was moved by Mr. Elkins, seconded by Mr. Swartz and unanimously carried by those present to accept the ECC's proposal for the 10 units of ethics study, with exception of Recommendation # 1. The CBA requests that the ECC meet to reconsider its decision regarding the upper division course requirement.

Mr. Howard stated that CPIL opposes inclusion of courses such as Political Science and Economics in Recommendation #3.

Ms. Anderson thanked Mr. Driftmier for his efforts and service on both the AEC and ECC.

5. Discussion and Possible Action to Initiate a Rulemaking to Adopt Title 16, CCR Sections 11 and 11.2 – Regarding the 10 Units of Ethics Study Required for CPA Licensure Beginning January 1, 2014.

Mr. Stanley provided an overview of the memorandum for this item **(see Attachment 7).**

Ms. Shellans recommended that the CBA direct staff to initiate the rulemaking, pending the outcome of the ECC's vote (either way) regarding the requested language modification.

It was moved by Mr. Ramirez, seconded by Ms. Brough and carried by those present to approve the proposed language with elimination of the words, "at an upper division level or higher" from proposed Section 11(a), and to direct staff to initiate the rulemaking process, pending the concurrence of the ECC at its upcoming meeting. Should the ECC not accept the CBA's recommendation, this item shall come back before the CBA for further deliberation.

Mr. Swartz opposed.

Ms. Tindel stated that she supports Ms. Shellans recommendation that the CBA provide the latitude in allowing the rulemaking process to move forward in a timely matter.

Ms. Anderson stated this may not be an issue as she believes that accounting ethics courses may only be provided at an upper division level. Mr. Swartz concurred with Ms. Anderson and stated it is also likely that the ECC will accept the CBA's recommendation.

C. Reconsideration of Position on SB 773 – Ethics Curriculum.

Mr. Stanley provided an overview of the memorandum for this item **(see**

Attachment 8).

Mr. Swartz inquired regarding why the CBA would want this to go through the legislative process and not through regulation. Mr. Stanley stated that the legislative process would make it effective January 1, 2012.

Mr. Stanley further stated that the regulatory process would take up to 12 months to complete.

It was moved by Mr. Ramirez, seconded by Ms. Brough and unanimously carried by those present to adopt a Support if Amended position on SB 773. The recommendation for amendment is to eliminate the upper division requirement and allow for course acceptance from any accredited institution; and to make further clarification to the language.

Ms. Anderson took a moment to congratulate Mr. Swartz for being honored as recipient of CalCPA's Distinguished Service Award for 2011.

V. Report of the Executive Officer (EO).

A. Update on Hiring Freeze Exemption Requests.

Ms. Bowers stated the CBA has submitted new exemption requests for two Investigative CPA positions and one receptionist position.

Ms. Bowers stated that she will keep the CBA updated as the requests go through the exemption approval process.

Ms. Bowers noted that there are significant vacancies in the Enforcement Division. Ms. Bowers further stated that the resources are needed in order to move forward with the CBA's enforcement priorities relating to the Peer Review Program.

Mr. Driftmier stated that the CBA has the financial resources to accomplish its enforcement priorities and expressed opposition regarding the hiring freeze.

Mr. Ramirez stated that it is important for the record to reflect that the CBA's Enforcement Division is currently understaffed by more than 50 percent.

B. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 9).**

Mr. Elkins acknowledged the cost savings associated with the transition to an electronic version of the UPDATE publication.

Mr. Ramirez questioned the decision to require an opt-in selection in order for interested parties to continue receiving hard copies of the UPDATE publication. Ms. Anderson stated that if interested parties fail to opt-in and would like to receive the hard copy version, it will be made available to them. Ms. Pearce added that the CBA will make every attempt to get the word out once the electronic version of UPDATE is available for viewing on the CBA's Web site.

VI. Report of the Enforcement Chief.

A. Enforcement Case Activity and Aging Report.

B. Citation and Fine Activity Report.

C. Reportable Events Report.

Mr. Ixta provided an overview of agenda items VI.A.-VI.C.

Mr. Ixta stated that the CBA recently hired three expert consultants to assist with the enforcement case inventory. Mr. Ixta further stated that the consultants are adding tremendous value to the CBA's Enforcement Division.

Mr. Ramirez inquired regarding the age of the oldest pending case. Mr. Ixta stated that that oldest case pending is from 2008 and it's a complex matter that is still in the investigation stage.

Mr. Ramirez stated that he would prefer to see six to twelve months of activity on the Enforcement Case Activity and Aging Report.

D. Update on Peer Review Implementation.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment 10**).

Mr. Ramirez stated that in the future he would like the CBA to consider programmatic action for non-reporters.

Ms. Anderson stated that the CBA should further educate and empower consumers by encouraging them to ask for peer review reports in advance of hiring a CPA. Mr. Ixta stated that the consumer handbook is being updated to include this information.

Mr. Ramirez stated his recollection that the PROC was to develop guidelines for failed peer review reports. Mr. Ramirez requested the minutes regarding the deliberation of PROC's charge.

At this time, CBA members heard Agenda Items VIII.A.-IX.C.4.d. (see

pages 18706-18709).

VII. Regulation Hearing and Possible Action on Proposed Regulations.

- A. Regulation Hearing Regarding Title 16, CCR Sections 9, 11.5, 12, 12.5, and 98 – Supervision, Master’s Degree, and Disciplinary Guidelines.

Mr. Stanley read the following statement regarding the regulation hearing into the record:

“This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to specify and clarify the CBA’s requirements pertaining to supervision, master’s degrees, and disciplinary guidelines.

The CBA is contemplating this action pursuant to the authority vested by Sections 5010, 5018, 5092, 5093 and 5116 of the Business and Professions Code and Section 11400.20 of the Government Code, authorizing the CBA to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is July 21, 2011 and the time is approximately 2:02 p.m. This hearing is being held at The Hilton Pasadena, 168 South Los Robles in Pasadena, California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today’s hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the CBA’s Web site and upon request by other members of the public. Copies of the proposed regulations are available at the back of the room.

If the CBA has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The CBA shall be provided and shall consider all written comments received up until 5:00 p.m., July 18, 2011. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly

enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the CBA an opportunity to address your comments directly when the CBA makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned regulation hearing at 2:05 p.m.

B. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Sections 9, 11.5, 12, 12.5, and 98 – Supervision, Master’s Degree, and Disciplinary Guidelines.

Mr. Swartz stated the Certificate of General Experience should be revised to state “must” or “shall,” instead of “may” as it relates to the types of accounting services required. Ms. Bowers stated this concern could be addressed within the handbook to make sure it’s clear to applicants. Ms. Pearce stated she would review to ensure this language is clear in other areas as well.

Mr. Oldman suggested defining general accounting experience instead of stating what the experience may include.

It was moved by Mr. Swartz, seconded by Mr. Oldman and unanimously carried to revise the first sentence of paragraph one of the Certificate of General Experience to state “General accounting experience is defined as any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.”

It was moved by Ms. Berhow, seconded by Mr. Ramirez and unanimously carried by those present to accept staff’s recommendation to strike CCR Section 11.5 – Master’s Degree from

this regulatory proposal.

It was moved by Mr. Ramirez, seconded by Mr. Swartz and unanimously carried by those present to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, the EO is authorized to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

VIII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 11)**.

B. Further Discussion and Action on International Delivery of the Uniform CPA Examination (iExam).

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 12)**.

Ms. Kirkbride stated there is still a concern as it is impossible to predict the security of iExam.

Ms. Pearce suggested that staff monitor the launch of iExam over the next six months and report back to the CBA regarding any issues. Ms. Anderson stated her approval of Ms. Pearce's suggestion.

IX. Committee and Task Force Reports.

A. Enforcement Program Oversight Committee (EPOC).

No Report.

B. Committee on Professional Conduct (CPC).

No Report.

C. Legislative Committee (LC).

1. Report of the July 21, 2011 LC Meeting.

It was moved by Mr. Ramirez, seconded by Ms. Taylor and unanimously carried by those present to accept the report of the LC.

2. Update on Bills on Which the CBA Has Taken a Position (AB 229, AB 675, AB 958, AB 991, AB 1193, SB 366, SB 541, SB 706).

Ms. Brough stated that the LC recommends that the CBA maintain its positions of Support on SB 541 relating to Expert Consultants and Neutral on SB 706, which will require the posting of accusations on the Web.

Ms. Brough stated that five other bills are dead for the year, but staff will continue to follow them as they may be revived after January 1, 2012.

Ms. Brough stated that AB 229 was gutted and no longer deals with the Controller or the CBA.

It was moved by Mr. Swartz, seconded by Ms. Berhow and unanimously carried by those present to adopt the LC's recommendation to discontinue following AB 229.

3. Discussion on Status of AB 431 – Retired Status.

Ms. Brough stated that AB 431 has passed the Senate Policy Committee and is now on the Senate Appropriations Committee's Suspense File. It is anticipated that AB 431 will be passed by the committee during the last full week of August.

Ms. Brough stated the LC decided that striking the age requirement from the bill would eliminate a potential future concern and ease passage of the bill. The CBA will continue to have authority via regulation to set minimum requirements for retired status.

It was moved by Ms. Brough, seconded by Mr. Swartz and unanimously carried by those present to adopt the LC's recommendation to amend the language to eliminate reference of a minimum age requirement and minimum years as a licensee in Section 2, 5070.1.(e).

4. Reconsideration of Positions on Legislation.

- a. AB 410 – Regulations: Narrative Descriptions.

Ms. Brough stated that AB 410 has been amended and is no longer applicable to the CBA.

It was moved by Ms. Brough, seconded by Ms. Taylor and unanimously carried by those present to adopt the LC's recommendation to discontinue following AB 410.

b. SB 103 – Teleconferencing.

Ms. Brough stated that the CBA originally took an Oppose position on SB 103 due to its concern that the privilege could be abused and makes it possible for a member to never physically attend a meeting. Staff worked with the author's office to craft an amendment stating that such a request may not be made solely for convenience. The LC however, believes that this amendment does not go far enough, and that abuse is still possible.

Ms. Brough stated that the LC recommends no change in position at this time on SB 103.

c. SB 306 – Safe Harbor Extension.

Ms. Brough stated that this bill still contains the Safe Harbor extension that the CBA supports; but it has been amended to also include provisions that will allow out-of-state CPAs to practice in California under very specific circumstances without being licensed by the CBA or obtaining a practice privilege. This was the sponsor's attempt to resolve the issues that occurred with the sunset of the temporary and incidental provisions in Section 5050(b) of the Accountancy Act.

Ms. Brough stated that legal counsel pointed out that this will be a change in the scope of the CBA's authority, but the LC determined that the change applied to such a narrow field that it was an acceptable change.

It was moved by Ms. Brough, seconded by Mr. Ramirez and unanimously carried by those present to adopt the LC's recommendation to maintain a Support position on SB 306 and direct staff to convey to the sponsor that adding an urgency clause to the measure would be supported as well.

d. SB 543 – Sunset Review.

Ms. Brough stated that SB 542 no longer affects the CBA, and its contents are now included in SB 543. In addition to the new sunset date of January 1, 2016, SB 543 also makes the Peer Review Program permanent, expands the Peer Review Report, and exempts restatements also filed with the Security Exchange Commission from the CBA's restatements reporting requirement.

It was moved by Ms. Brough, seconded by Mr. Elkins and unanimously carried by those present to adopt the LC's recommendation to Support SB 543 and discontinue following

SB 542.

**At this time, CBA members heard Agenda Items VII.A.-VII.B.
(see pages 18704-18706).**

D. Peer Review Oversight Committee (PROC).

Report of the July 8, 2011 PROC Meeting.

Ms. Corrigan stated at its last meeting, the PROC worked on formalizing processes, and reviewing the responsibilities of the PROC to ensure the committee is on track to meeting its objectives. Ms. Corrigan stated the PROC also continues working on a procedures manual.

Ms. Corrigan stated that PROC members are attending peer review training courses for evaluation purposes.

Ms. Corrigan stated the potential conflict of interest matter is still pending with legal counsel. Ms. Corrigan further stated that NASBA representatives have stated the conflict of interest has not been an issue; however, based on survey results from a recent quick poll, states have reported conflicting information.

Ms. Corrigan stated that pending out-of-state travel approval, she plans to attend NASBA's PROC Summit on August 16, 2011 in Charleston, South Carolina. Ms. Corrigan further stated that the summit will provide insight on various matters associated with the peer review oversight process.

Ms. Corrigan stated the PROC will meet next on August 30, 2011 in Northern California.

Ms. Anderson thanked Ms. Corrigan and the PROC for its efforts.

Ms. Shellans clarified that the conflict of interest opinion is pending with DCA's Ethics Officer, and not with legal counsel.

E. Enforcement Advisory Committee.

No Report.

F. Qualifications Committee.

No Report.

X. Acceptance of Minutes

A. Draft Minutes of the May 19-20, 2011 CBA Meeting.

- B. Draft Minutes of the May 19, 2011 CPC Meeting.
- C. Draft Minutes of the May 19, 2011 LC Meeting.
- D. Minutes of the April 15, 2011 AEC Meeting.
- E. Minutes of the May 9, 2011 AEC Meeting.
- F. Minutes of the May 18, 2011 ECC Meeting.
- G. Minutes of the May 6, 2011 PROC Meeting.
- H. Minutes of the June 7, 2011 Joint AEC/ECC Meeting.

It was moved by Mr. Swartz, seconded by Mr. Savoy and carried by those present to accept agenda items X.A. and X.C.-X.H. Mr. Elkins and Mr. Ramirez abstained.

Agenda item X.B. was deferred to take place at a future CBA meeting.

XI. Other Business.

- A. American Institute of Certified Public Accountants (AICPA).

No Report.

- B. National Association of State Boards of Accountancy (NASBA).

- 1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force.

- There was no report for this item.

- b. Board Relevance & Effectiveness Committee.

- There was no report for this item.

- c. Uniform Accountancy Act Committee (UAA).

- Mr. Driftmier stated the UAA discussed its current draft of the policy regarding firm names. Mr. Driftmier stated the policy is nearly finalized.

XII. Closing Business.

- A. Public Comments for Items Not on the Agenda.

Mr. Kreh stated that he was before the CBA to address a letter written to Ms. Bowers regarding proposed legislation **(see Attachment 13)**.

Ms. Anderson stated a copy of Mr. Kreh's letter will be provided to CBA members, along with the response letter from Ms. Bowers. Ms. Anderson further stated that this matter will be discussed and it will be determined whether to place on a future agenda.

B. Agenda Items for Future CBA Meetings.

No comments were received.

C. Press Release Focus.

Recent Press Releases.

Mr. Rich provided an overview of the memorandum for this item **(see Attachment 14)**.

Mr. Rich stated that Ms. Hersh's proposed press release headline is "CBA approves proposals for new CPA education requirements and looks to keep CPA licensure attainable for community college and non-traditional students."

XIII. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, and Proposed Decisions).

CBA members convened into closed session at 2:51 p.m., and the meeting reconvened into open session at 3:35 p.m.

Adjournment.

President Anderson adjourned the meeting at 3:36 p.m.

Sally Anderson, CPA, President

Leslie LaManna, CPA, Secretary-Treasurer

Veronica Daniel, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



QC Item II
October 19, 2011

Initial Licensing Unit Report

Staff: Liza Walker, Manager, Licensing Unit
Date: October 5, 2011

Purpose of the Item

Provide members with three months worth of statistics and items of interest related to the Initial Licensing Unit.

Action(s) Needed

This agenda item is being provided for review purposes only. Staff will be providing a report at the meeting.

Background

The Initial Licensing Unit Report was reformatted to provide information specific to the Initial Licensing Unit with updated statistics related to the workload of the unit. The Licensing Division Report, which provides the statistics of the other units within the division, is also attached.

Comments

None

Recommendation

None

Attachments:

- **Licensing Division Report from the September 2011 CBA Meeting**

CALIFORNIA BOARD OF ACCOUNTANCY
INITIAL LICENSING UNIT REPORT
JULY 2011 – SEPTEMBER 2011

QC Item II.
October 19, 2011

INITIAL LICENSING	July	August	September
CPA Licensure Applications Received by Type *			
Type A	274	232	217
Type B	16	11	13
Type C	23	36	34
Type D	4	7	4
Type E	0	0	0
Total	317	286	268
Processing Time Frames			
CPA	15	14	12
Applicants Licensed Under			
Pathway 0	1	1	1
Pathway 1A	13	37	22
Pathway 1G	19	66	31
Pathway 2A	30	84	56
Pathway 2G	65	147	93
Firm Applications Received			
Partnership	5	10	8
Corporation	21	16	11
Fictitious Name Permit (Registration)	11	5	13
Total	37	31	32
Processing Time Frames			
Partnership	9	7	11
Corporation	9	7	11
Fictitious Name Permit (Registration)	9	7	11

**CALIFORNIA BOARD OF ACCOUNTANCY
INITIAL LICENSING UNIT REPORT
JULY 2011 – SEPTEMBER 2011
UNIT ACTIVITIES**

Initial Licensing Unit

- Effective July 1, 2011 the Initial Licensing Unit instituted a new CPA license approval and issuance process. The new process ensures more accurate tracking of statistics for both internal and external use.
- Hilary Barboza, an Office Technician (OT) from the Renewal and Continuing Competency Unit, and Denise Corrigan, an OT from the Administration Unit, were hired in the Initial Licensing Unit to fill two of the three vacant OT positions.
- The Initial Licensing Unit has one full-time Office Technician position vacant.

***Application Types**

Type A – An applicant who passed the Uniform CPA Exam in California and is applying for licensure as a CPA in California for the first time.

Type B – An applicant who passed the Uniform CPA Exam in a state other than California and has not been issued a valid license to practice public accounting in any state and is applying for licensure as a CPA in California for the first time.

Type C – An applicant who passed the Uniform CPA Exam in a state other than California and was issued a valid license to practice public accounting in a state other than California.

Type D – An applicant who previously was licensed as a CPA in California and the certificate was cancelled after five years for nonpayment of license renewal fees.

Type E – An applicant who passed the Canadian Chartered Accountant Uniform Certificate Public Accountant Qualification Examination (CAQEX) of the American Institute of Certified Public Accountants (AICPA) or the International Uniform Certified Public Accountant Qualification Examination (EQEX) of the AICPA and the National Association of State Boards of Accountancy (NASBA).

CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
JUNE 2011 – AUGUST 2011

Board Agenda Item V.A.
September 22, 2011

EXAMINATION	June	July	August
CPA Examination Applications Received			
First-time Sitter	842	597	625
Repeat Sitter	1,984	1,508	904
Processing Time Frames			
First-time Sitter	18	26	21
Repeat Sitter	8	8	5
Appeals			
Management-Level Appeals	41	39	25
Board-Level Appeals	0	0	0
INITIAL LICENSING			
CPA Licensure Applications Received			
CPA	333	317	285
Partnership	12	5	10
Corporation	20	21	16
Fictitious Name Permit (Registration)	11	11	5
Processing Time Frames			
CPA	15	15	14
Partnership	11	9	7
Corporation	11	9	7
Fictitious Name Permit (Registration)	11	9	7
Applicants Licensed Under			
Pathway 0	1	1	1
Pathway 1A	35	13	37
Pathway 1G	58	19	66
Pathway 2A	70	30	84
Pathway 2G	131	65	147

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
JUNE 2011 – AUGUST 2011**

RENEWAL AND CONTINUING COMPETENCY	June	July	August
Licenses Renewed			
CPA	2,719	3,602	3,278
PA	3	2	1
Partnership	85	24	18
Corporation	309	32	115
CE Worksheet Review			
CPA/PA Applications Reviewed	1,859	2,417	2,578
Deficient Applications Identified	68	279	252
Compliance Responses Received <i>(Including Requests for Inactive Status)</i>	42	127	23
Enforcement Referrals	0	0	0
Outstanding Deficiencies <i>(Including Abandonment)</i>	26	152	229
PRACTICE PRIVILEGE			
Notifications Received			
Hardcopy	41	16	26
Electronic	100	91	120
Disqualifying Conditions Received			
Approved	2	1	1
Denied	0	0	0
Pending	0	1	4
Practice Privilege Suspension Orders			
Notice of Intent to Suspend	0	9	0
Administrative Suspension Order	0	0	0

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
JUNE 2011 – AUGUST 2011**

DIVISION AND UNIT ACTIVITIES

Examination Unit

- Staff conducted site visits at the Prometric Testing Centers located in Fair Oaks, San Jose, and Santa Rosa. The purpose of the site visits is to evaluate the administration of the computer-based CPA Exam at Prometric Testing Centers.
- On August 5, 2011, staff approved Academic Records Evaluation Center (AREC) as a CBA-approved foreign credential evaluation service.

Initial Licensing Unit

- Effective July 1, 2011 the Initial Licensing Unit instituted a new CPA license approval and issuance process. The new process ensures more accurate tracking of statistics for both internal and external use.
- Hilary Barboza, an Office Technician (OT) from the Renewal and Continuing Competency Unit, and Denise Corrigan, an OT from the Administration Unit, were hired in the Initial Licensing Unit to fill two of the three vacant OT positions.
- The Initial Licensing Unit has one full-time Office Technician position vacant.

Renewal and Continuing Competency Unit

- The Renewal and Continuing Competency (RCC) Unit recently filled two vacancies, a fulltime OT position and a permanent intermittent OT position. The RCC Unit is still recruiting to fill a fulltime OT position and an OT Retired Annuitant Position.
- Staff approved three regulatory review courses bringing the total number of Board-approved courses to 19. Staff is actively working with three additional course providers to amend their course materials to be in compliance with the course content requirements, and three more courses are pending initial review.

COMMITTEE NEWS

- At the July 21, 2011 CBA meeting, the Accounting Education Committee (AEC) submitted its recommendations for the 20 units of accounting study. After review and consideration, the CBA elected to remove the upper division or higher requirement as outlined in its recommendation. The CBA adopted the accounting study guidelines and directed staff to initiate the rulemaking process. With the adoption of the accounting study guidelines, this completed the work of the AEC.

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
JUNE 2011 – AUGUST 2011**

- At the July 21, 2011 CBA meeting, the Ethics Curriculum Committee (ECC) presented its guidelines for the 10 units of ethics study. The CBA requested the ECC continue its deliberations and reconsider the upper division or higher requirement as prescribed in its proposal. On August 16, 2011, the ECC held a meeting and unanimously approved a motion to remove the upper division or higher requirement from the accounting ethics or accountant's professional responsibilities requirement.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



QC Item III
October 19, 2011

Discussion and Educational Presentation Related to CBA Regulation Section 69 and Personal Appearances

Staff: Deanne Pearce, Chief, Licensing Division

Date: October 5, 2011

Purpose of the Item

This item is to facilitate discussion related to the Qualifications Committee (QC) member peer training plan.

Action(s) Needed

QC member input on discussion items below related to the development of a peer training plan to be utilized by members at a future date.

Background

The QC acts as an advisory committee and assists the California Board of Accountancy (CBA) in its licensure activities by:

- Conducting work paper reviews of experience of applicants personally appearing before the QC (personal appearance)
- Interviewing employers that appear before the QC under the provision of Section 69, of the CBA Regulations (Section 69 review)
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized to act

At the April 2011 QC meeting, staff introduced an agenda item regarding the development of a training plan to be utilized by members as it relates to CBA Regulation Section 69 and personal appearance reviews before the committee. The purpose of the peer training is to establish and document best practices related to interview format and procedures for current and new members. Staff identified the following discussion topics in the item to be included in the QC peer training:

- Determine whether Section 69 reviews should be performed with both the applicant and the employer or separately
- Decide whether the use of laptop computers or other electronic media is practical or possible
- Discuss the main focus of the review and interview of the firm and/or applicant

- Establish benchmarks presently used by the QC members to determine whether an applicant is qualified or not qualified for authorization to sign attest reports
- Discuss benchmarks used by QC members to determine if a firm has a clear understanding of the Certificate of Experience.

In addition to the above staff identified topics, committee members added the following topics to the list of items for future discussion related to a peer training:

- Discuss the selection process staff used to determine if a firm/applicant needs to appear for a Section 69 review/personal appearance
- Determine or outline the goal and focus of the review and clarification of who is being reviewed (firm versus the applicant)
- Develop instructions for the firms to ensure understanding of their responsibility in completing the Certificate of Experience
- Develop key talking points or instructions to set the parameters at the beginning of the interview
- Identify the differences and objectives when reviewing government auditing
- Provide standard comments to be used by committee members when experience is not being accepted towards fulfilling the licensure requirement
- Provide direction and parameters when crediting applicants with partial hours toward the required 500 hours

To allow sufficient time to fully consider all of the identified topics, the information will be presented over the next three QC meetings.

The information being presented for this QC meeting includes staff research on the following items:

- Use of electronic media during personal appearances
- Development of instructions for the firms relevant to the completion of the Certificate of Attest Experience
- Staff selection process used for a Section 69 review and personal appearance

Related to the remaining items listed above, staff will be sending out a request seeking member input on benchmarks they presently use. The feedback received will be used as a foundation for discussion purposes at future QC meetings to identify and establish guidelines and best practices.

Electronic Media

The use of and reliance on hardcopy documents is shrinking and the use of softcopy documents has increased. This trend is true for the accounting profession as the CBA staff has, on occasion, been faced with an applicant arriving for a personal appearance with a zip drive containing the required work papers needed for review. While this type of electronic media is less burdensome to bring as opposed to archive boxes with hardcopy documents, it poses a problem for CBA staff and QC members if there is no way to access and/or view the information. Specifically, a laptop and appropriate

software is required. In researching if softcopy documents contained on a zip drive could be used, staff explored whether the CBA could supply laptops at QC meetings (both at Sacramento-based meetings and meetings located outside of Sacramento) to assist applicants.

Although the CBA strives to assist applicants, due to the variety of software applications available, safety concerns with computer viruses, and potential IT staff resource constraints, it doesn't appear feasible that the CBA can provide multiple laptops at QC meetings for use by applicants and QC members.

As an alternative, the QC members may want to consider allowing applicants for a personal appearance or employers attending a Section 69 review to bring the required work papers in an electronic form (softcopy) via a laptop. For ease of viewing the documents, members might want to consider requiring applicants to bring two laptops with the information. Use of laptops would not be mandatory and would just provide an additional option. Those appearing always have the option of bringing hardcopies.

Audio Visual Equipment

A suggestion was made during prior discussions that for ease of reviewing the documents when applicants provide the information on a laptop, that the information be projected onto a screen. When considering this suggestion, staff's first concern was maintaining the confidentiality of the information. There are risks in displaying information based on the configuration and setup of the meeting as often times, personal appearances and Section 69 reviews are held in a single large room, partitioned off to reduce the noise from various interviews being held concurrently. Further, there are IT staff resources, audio visual costs, and equipment compatibility issues to consider. As such, projecting the information onto a screen may not be a viable option.

CBA staff is happy to assist in researching any other ideas or suggestions that QC members may have as our goal is to assist you in conducting the personal appearances and Section 69 reviews as efficiently as possible.

Instructions for Firms for the Completion of the Certificate of Attest Experience

Attached for review and discussion by the QC members are the Certificate of Attest Experience and instructions that accompany the form. These instructions give detailed descriptions of what the employer should consider when completing each section of the *Certificate of Attest Experience* form for the applicant.

These instructions have been recently amended and will be included with the new *Certificate of Attest Experience* form. The amended form is currently in the pending regulation package for Sections 12 and 12.5, which is expected to be implemented sometime in March-May of 2012.

There are two sets of instructions attached. Attachment 1 contains the instructions for completing the *Certificate of Attest Experience* for applicants who obtain experience in public accounting. Attachment 2 contains the instructions for completing the *Certificate*

of *Attest Experience* for applicants who obtain experience in private industry or government.

Appearance Before the CPA Qualifications Committee

When applications for CPA Licensure are received by the CBA, staff in the Initial Licensing Unit review and ensure that all requirements are met. Pursuant to Section 5095 of the Accountancy Act, an applicant who wants the authority to sign reports on attest engagements must complete 500 hours of experience satisfactory to the CBA in attest services. During staff's review, the *Certificate of Attest Experience* form documenting completion of requisite attest experience is checked to ensure that the applicant has met the specified experience and under appropriate supervision.

The CBA utilizes the QC to assist in determining whether the 500 hours of attest experience is satisfactory. CBA staff has latitude in determining what applicants applying for CPA licensure with the authority to sign attest reports are selected to appear before the QC. There are no set criteria or checklists used by staff, but rather the entire application as a whole is reviewed and a decision is made in consultation with CBA management. However, applicants who are applying with attest experience obtained outside of the United States and its territories (Guam, Puerto Rico, U.S. Virgin Islands), must appear before the QC and present work papers (Pursuant to CBA Regulation 12.5(e)).

Employer Appearance before the QC

CBA Regulation Section 69 is specific to an employer and relates to the "audit" of the *Certificate of Attest Experience* form, submitted by the employer in support of the experience of the applicant. Pursuant to CBA Regulation Section 69, employers may be selected to appear before the QC for review for a variety of reasons including, but not limited to, the following:

- If there is any discrepancy or disagreement between the applicant and the employer as to the dates, type of work performed, and/or whether that type of experience demonstrated a satisfactory knowledge of current practice and professional standards.
- The applicant is related to the employer.
- The firm is on reappearance status due to a prior unsatisfactory Section 69 review.
- The *Certificate of Attest Experience* form, as completed, does not appear consistent with the experience requirement.
- The employer fails or refuses to complete and submit the *Certificate of Attest Experience* form.

CBA staff have latitude in determining when an employer may appear before the QC and work closely with CBA management on this process on a case-by-case basis.

Comments

Staff will be available to answer any questions the QC members may have.

Recommendation

None

Attachments:

1. ***Certificate of Attest Experience (Public Accounting)*** with Instructions for Completing Certificate of Attest Experience.
2. ***Certificate of Attest Experience (Private Industry or Government)*** with Instructions for Completing Certificate of Attest Experience.

CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials)	(First)	(Middle)	(Last)	SOCIAL SECURITY # (Last 4 only) XXX-XX-____
---------------------------------------	---------	----------	--------	--

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

FULL TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	PART-TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	TOTAL PART-TIME HOURS
	/ /	/ /		/ /	/ /	

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. **To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).**

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

QUALIFYING EXPERIENCE

Yes No

I.	A.	Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B.	In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A.	Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B.	In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A.	Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B.	In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A.	Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B.	In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A.	Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?		
	B.	In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

NUMBER OF HOURS

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).	Audit	Other Attest	Review Services	Compilation
Experience in Planning the Audit or Other Attest Services (I. above)				
Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)				
Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above)				
Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)				
Experience in the Preparation of Full Disclosure Financial Statements (V. above)				
Compilation Hours Obtained Prior to January 1, 2008				
Total				

VII. Is the applicant related to anyone in your firm? Yes ☐ No ☐ (If yes, explain relationship) _____

NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Public Accounting).
See Instructions Sections 1, 2, and 3.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500** hours of qualifying attest experience.

Section 69 of the CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

Section 12.5 of the CBA Regulations requires that public accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm. The second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my firm for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Public Accounting).

FIRM NAME	BUSINESS TELEPHONE:	Area Code ()
ADDRESS: (INCLUDING City, State and Zip Code)		

SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)	SOLE PROPRIETOR <input type="checkbox"/>
PRINTED NAME	PARTNER <input type="checkbox"/>
DATE	SHAREHOLDER <input type="checkbox"/>
	OTHER (Second signature required) <input type="checkbox"/>
	CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
	U.S. STATE OR OTHER AUTHORITY OF ISSUANCE _____
SIGNATURE #2 (DO NOT USE BLACK INK)	SOLE PROPRIETOR <input type="checkbox"/>
PRINTED NAME	PARTNER <input type="checkbox"/>
DATE	SHAREHOLDER <input type="checkbox"/>
	CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
	U.S. STATE OR OTHER AUTHORITY OF ISSUANCE _____

OFFICE USE ONLY

Date of last Section 69 Review _____

☐ APPROVED

☐ REAPPEARANCE

☐ NO RECORD

Verified by: _____

Date: _____

OFFICE USE ONLY

Date of last Section 69 Review _____

☐ APPROVED

☐ REAPPEARANCE

☐ NO RECORD

Verified by: _____

Date: _____

INSTRUCTIONS FOR COMPLETING CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

The Certificate of Attest Experience (Public Accounting) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Public accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500 hours of attest experience**. It is important that very early in the applicant's employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

Experience required under Items I, II, and III on the Certificate of Attest Experience (Public Accounting), it is expected the applicant will have gained experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

- a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.
- b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.
- c. Applying appropriate analytical review procedures in performing an attestation engagement.
- d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.
- e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.
- f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.
- g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.
- h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Experience required under Item IV on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Experience required under Item V on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

2. Experience Discussion.

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

- a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services.** Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.
- b. Other attest services including, but not limited to:
 - Statements on Auditing Standards 70.
 - Agreed-upon procedures.
 - Compliance audits.
- c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.**

The most frequent problems encountered by applicants with public accounting experience are:

- a. Failure to demonstrate and/or document participation in the audit planning process.
- b. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and Generally Accepted Accounting Principles and Generally Accepted Auditing Standards requirements.
- c. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

3. Other Sections of the Certificate of Attest Experience (Public Accounting).

- a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Public Accounting]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections, are **not** considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

- | | |
|---------------|---|
| Audit Hours: | This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation. |
| Review Hours: | This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented. |

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers.** Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Certifying an Applicant's Experience if Obtained in More Than One Office.

If a single Certificate of Attest Experience (Public Accounting) is submitted for an applicant who has obtained experience in more than one office of the same firm, a cover letter also must be submitted furnishing information as to the basis for completing the Certificate of Attest Experience (Public Accounting) for multiple offices. Alternatively, separate Certificates of Attest Experience (Public Accounting) should be submitted by the separate offices. **A separate Certificate of Attest Experience (Public Accounting) must be submitted for experience obtained outside the United States regardless of whether it was obtained from the same firm as that obtained in the United States.**

c. Responsibility Associated with Signing the Certificate of Attest Experience (Public Accounting).

All California licensees in public practice signing the Certificate of Attest Experience (Public Accounting) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Public Accounting), evaluate, and judge each applicant's experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant's experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to an applicant's fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Public Accounting) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

d. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant's knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

e. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Public Accounting). **It is not necessary to submit this worksheet with the Certificate of Attest Experience (Public Accounting).**

CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

This Form is to be COMPLETED and MAILED directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials)	(First)	(Middle)	(Last)	SOCIAL SECURITY # (Last 4 only) XXX-XX-____
---------------------------------------	---------	----------	--------	--

PERIOD OF EMPLOYMENT

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

FULL TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	PART-TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	TOTAL PART-TIME HOURS
	/ /	/ /		/ /	/ /	

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. **To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).**

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

QUALIFYING EXPERIENCE

Yes	No
-----	----

I.	A.	Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B.	In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A.	Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B.	In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A.	Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B.	In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A.	Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B.	In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A.	Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?		
	B.	In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

NUMBER OF HOURS

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).	Audit	Other Attest	Review Services	Compilation
Experience in Planning the Audit or Other Attest Services (I. above)				
Experience in Applying a Variety of Audit Procedures and Techniques on the Audit or Other Attest Services Procedures (II. above)				
Experience in the Preparation of Working Papers on the Audit or Other Attest Services (III. above)				
Experience in the Preparation of Written Explanations on the Audit or Other Attest Services (IV. above)				
Experience in the Preparation of Full Disclosure Financial Statements (V. above)				
Compilation Hours Obtained Prior to January 1, 2008				
Total				

VII. Is the applicant related to anyone in your firm? Yes ☐ No ☐ (If yes, explain relationship) _____

NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Private Industry or Government).
See Instructions Sections 1, 2, and 3.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500** hours of qualifying attest experience.

Section 69 of CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

Section 12.5 of the California Code of Regulations requires that private industry or government accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the private industry company or government agency. If the owner of the private industry company signing the verification is also the person supervising the experience, no second signature is required. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my business/agency for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Private Industry or Government).

BUSINESS/AGENCY NAME	BUSINESS TELEPHONE:	Area Code ()
ADDRESS (INCLUDING CITY, STATE AND ZIP CODE)		

SIGNATURE #1 (Supervisor) (DO NOT USE BLACK INK)	LICENSEE SUPERVISOR – (Must be a licensee who supervised applicant)
PRINTED NAME	CERTIFICATE NO. CPA <input type="checkbox"/> PA <input type="checkbox"/> _____
DATE	U.S. STATE OF ISSUANCE _____
	ARE YOU THE OWNER? YES <input type="checkbox"/> NO <input type="checkbox"/>
	If you are not the owner, Signature #2 section must be completed.
SIGNATURE #2 (DO NOT USE BLACK INK)	Must have a higher level of responsibility in the business/agency than signer #1.
PRINTED NAME	CERTIFICATE NO. (if applicable) _____
TITLE	CPA <input type="checkbox"/> PA <input type="checkbox"/>
DATE	U.S. STATE OF ISSUANCE _____

INSTRUCTIONS FOR COMPLETING THE CERTIFICATE OF ATTEST EXPERIENCE (PRIVATE INDUSTRY OR GOVERNMENT)

The Certificate of Attest Experience (Private Industry or Government) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Private industry and government accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500 hours of attest experience**. It is important that very early in the applicant's employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

1. Qualifying Experience.

Under Items I, II, and III on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

- a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.
- b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.
- c. Applying appropriate analytical review procedures in performing an attestation engagement.
- d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.
- e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.
- f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.
- g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.
- h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Private Industry or Government), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

2. Experience Discussion.

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

- a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services.** Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.
- b. Other attest services including, but not limited to:
 - Statements on Auditing Standards 70.
 - Agreed-upon procedures.
 - Compliance audits.
- c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.**

The most frequent problems encountered by applicants with private industry or government experience are:

- a. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and U.S. Generally Accepted Accounting Principles and U.S. Generally Accepted Auditing Standards requirements.
- b. Claiming credit for general accounting work which does not qualify under Section 12.5.
- c. Claiming credit under Section 5095 for experience that has not been gained under the supervision of an individual currently licensed to practice public accounting (e.g., licensed without continuing education).
- d. Failure to demonstrate a reasonable awareness and understanding of current professional standards.
- e. Failure to demonstrate and/or document participation in the audit planning process.

3. Other Sections of the Certificate of Attest Experience (Private Industry or Government).

- a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Private Industry or Government]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections are **not** considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

Audit Hours:	This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.
--------------	--

Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers**. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Responsibility Associated with Signing the Certificate of Attest Experience (Private Industry or Government).

All California licensees in public practice signing the Certificate of Attest Experience (Private Industry or Government) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Private Industry or Government), evaluate, and judge each applicant's experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant's experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Private Industry or Government) and/or may inspect the documentation relating to an applicant's fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Private Industry or Government) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

c. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant's knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

d. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Private Industry or Government). **It is not necessary to submit this worksheet with the Certificate of Attest Experience (Private Industry or Government).**



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



QC Item IV.
October 19, 2011

Acceptance of 2012 Qualifications Committee (QC) Meeting Dates

Presented by: Fausto Hinojosa, Chair, QC

Date: October 19, 2011

Purpose of the Item

The purpose of this item is to discuss the proposed 2012 QC meeting dates. A copy of the 2012 CBA Meeting Dates/Locations calendar is attached for reference.

Action Needed

It is requested that the QC accept and recommend for approval to the California Board of Accountancy the proposed 2012 QC meeting dates.

Background

The dates below are being proposed by staff for the 2012 QC meetings:

- January 25, 2012 Southern California
- April 25, 2012 Sacramento
- July 18, 2012 Southern California
- October 24, 2012 Sacramento

Comments

None

Recommendation

Staff recommends that the QC approve the QC meeting dates as proposed.

Attachment

2012 CBA Meeting Dates/Locations Calendar

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2012 MEETING DATES/LOCATIONS
(CBA MEMBER COPY)**

JANUARY 2012

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY 2012

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			

MARCH 2012

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

APRIL 2012

S	M	T	W	Th	F	S
1	2	3	4	5	6	
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

MAY 2012

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JUNE 2012

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

JULY 2012

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

AUGUST 2012

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

SEPTEMBER 2012

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

OCTOBER 2012

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

NOVEMBER 2012

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

DECEMBER 2012

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

 CBA OFFICE CLOSED
 CBA MEETING
 QC MEETING